

1995-97 Transient Room Tax Distributions by County



Utah!

Division of Travel Development (Utah Travel Council),
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INTRODUCTION

In 1997, travel and tourism generated \$4.0 billion in spending statewide and \$297 million in local and state taxes. Tourism contributes significantly to local communities by creating jobs, economic development, tax relief and funds used for infrastructure development. However, the benefits of tourism to state residents are often misunderstood or ignored. As Utah is one of the most decentralized states in terms of tourism development, one of the main purposes of the current study is to provide information on the types of programs that are funded on a county basis by the state's most important tourism tax, transient room tax. This survey provides the second comprehensive study of transient room tax use in the state, four years after the first one was initiated in 1993. It is hoped that a periodical survey of county tourism spending will improve communications and understanding about tourism development statewide.

County tourism development is financed by a 3 percent transient room tax, and occasionally supplemented by other revenues such as sales tax, restaurant tax, rental car tax, etc. The transient room tax may be used for establishing and promoting recreation, tourism, and conventions within each county or region. No more than 1/3 of the tax may be used for constructing, maintaining, or furnishing convention meeting rooms, exhibit halls, visitor information centers, museums, and related facilities. This 1/3 is better known as brick and mortar expense even though much more than construction is covered. See Appendix A for code text.

In 1996, the Utah Code 17-31-2 was amended to allow for an exception to how the brick and mortar portion is spent in counties of the fourth, fifth or sixth class (counties with a population less than 18,000 residents). The proportion of the tax that is generally used for brick and mortar may also be used to mitigate the impacts of tourism or conventions to pay for:

- solid waste disposal
- emergency medical services
- search and rescue activities
- law enforcement activities

Additional modifications to the Utah Code were made in 1997 such as modifying the word "recreational" to read "recreation". In 1998, the word "financing" was removed from section 1a of Utah Code 17-31-2 and the words "film production" were introduced to section 1a. It reads as follows: "(1) Any county legislative body may impose the transient room tax provided for in Section 59-12-301 for the purposes of: (a) establishing and promoting recreation, tourism, film production, and conventions."

METHODOLOGY

The purpose of the study is to serve as an informative document intended for use by county tourism directors, local and state government leaders and the general public. This study was conducted by Darren Marshall, research intern and Karen Sudmeier, Research Coordinator for the Division of Travel Development. The transient room tax data were collected by contacting the respective county treasurers, auditors, and tourism directors. Upon receiving the data, the information was compiled into one spreadsheet per county. County tourism directors were asked to review the data and make changes if necessary, prior to the finalization of the document. If possible, data were obtained for a three year period, 1995 through 1997. Where blank spaces occur, data were not provided.

There are several points to consider when looking at a county's expenditure data. First, differences exist between how counties and the Utah Tax Commission report Transient Room Tax. The difference can be attributed to both a 1.5 % charge by the Utah Tax Commission and cyclical reporting issues; therefore, both revenue amounts are listed if available.

Second, for simplicity, each county's line item expenditures were placed into several general categories. Note that what one county sees as general promotional expense another may see as advertising expense. Additional information about the expenditure categories is as follows:

- "Administrative" includes: salaries, benefits, reimbursements, and office expenses
- "Contributions" include: county fair expenses, local festival expenses, etc.
- "General Promotional" includes: some advertising, brochures, etc. if no specifics were given

In addition, efforts were made to offer detailed explanations for unique county differences in expenditures.